

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-01 TRSE-00

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 8496

INFO ALL EC CAPITALS 453

AMEMBASSY BERN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC NINE CONSIDER POSSIBILITY OF SWISS ASSOCIATION WITH THE
"MINI-SNAKE"

1. SUMMARY: SWITZERLAND REPORTEDLY RAISED THE ISSUE OF
BEGINNING NEGOTIATIONS TO BECOME ASSOCIATED WITH THE
"MINI-SNAKE" AT A MEETING OF "NIMI-SNAKE" COUNTRIES IN
BRUSSELS ON MARCH 18. SUBSEQUENTLY THE EC NINE
DISCUSSED THIS POSSIBILITY AT LUNCH. SWISS MISSION
SOURCES HERE INDICATE THAT THE GOS HAS NOT YET DECIDED
TO ENTER THE "MINI-SNAKE" AND CURRENT DISCUSSIONS ARE
IN A PRELIMINARY STAGE. END SUMMARY.

2. GERMAN FINANCE MINISTER APEL IN AN OFF THE RECORD
BRIEFING FOR THE GERMAN PRESS SAID THAT "SWITZERLAND HAD
FORMALLY APPLIED TO BEGIN NEGOTIATIONS WITH A VIEW TO
BECOME ASSOCIATED WITH THE MINI-SNAKE" AT THE MEETING
OF "MINI-SNAKE" COUNTRIES ON MARCH 18. SWISS MISSION
SOURCES REPORT, HOWEVER, THAT A SWISS CENTRAL BANK
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DIRECTOR DENIED THAT THE GOS HAD MADE A "FORMAL" REQUEST TO BECOME ASSOCIATED WITH THE "MINI-SNAKE." IN FACT, THE GOS HAD NOT YET DECIDED TO APPLY FOR ASSOCIATION. DISCUSSIONS WITH THE "MINI-SNAKE" COUNTRIES WERE, CONSEQUENTLY, STILL IN A PRELIMINARY PHASE, ACCORDING TO THIS SOURCE.

3. APEL SAID THAT THE EC NINE FINANCE MINISTERS DISCUSSED AT LUNCH THE POSSIBILITY OF THE SWISS BECOMING ASSOCIATED WITH THE "MINI-SNAKE." THE MINISTERS REPORTEDLY REACHED NO FORMAL AGREEMENT BUT, ACCORDING TO APEL, THE MINISTERS THOUGHT SWISS ASSOCIATION WOULD "REINFORCE SOLIDARITY IN THE EUROPEAN MONETARY ZONE" AND WOULD PROMOTE WORLD TRADE. THE DANES AND OTHERS WERE REPORTEDLY CONCERNED THAT SWISS ENTRY SHOULD NOT MAKE IT MORE DIFFICULT FOR EC MEMBER STATES WHICH DO NOT CURRENTLY BELONG TO THE SNAKE TO JOIN IT. THE FRENCH REPORTEDLY WANTED TO TAKE A CLOSE BOOK AT THE CONDITIONS OF SWISS ENTRY BUT DID NOT OBJECT AT THIS TIME TO SWISS ASSOCIATION.

4. APEL SAID THAT HE PLANNED TO DISCUSS THE POSSIBILITY OF SWISS ASSOCIATION WITH SWISS AND AUSTRIAN OFFICIALS IN VIENNA ON SATURDAY, MARCH 22. HE ADDED THAT THE EC CENTRAL BANK GOVERNORS WOULD DISCUSS THIS MATTER AT THEIR MEETING IN BASEL ON ABOUT APRIL 8. THE CENTRAL BANK GOVERNORS WILL REPORT THE RESULTS OF THE DISCUSSION TO THE "MINI-SNAKE" COUNTRIES. THE EC COUNCIL (FINANCE) WOULD THEN TAKE THE MATTER UP AT ITS APRIL 21 MEETING TO DISCUSS THE POLITICAL IMPLICATIONS OF SWISS ENTRY. BELGIAN FINANCE MINISTER DE CLERCQ SAID THAT IT MIGHT BE POSSIBLE FOR THE COUNCIL TO REACH A DECISION ON SWISS ENTRY AT THAT TIME.

5. EC COMMISSION OFFICIALS TELL US THAT THE EXPERTS (THE HEYVAERT GROUP) OF THE EC CENTRAL BANKERS' COMMITTEE WILL MEET ON APRIL 1-2 TO DISCUSS TECHNICAL ASPECTS OF SWISS ENTRY. A KEY ISSUE WILL BE THE EXCHANGE RATE AT WHICH THE SWISS FRANC SHOULD ENTER THE SNAKE. A PROPOSAL UNDER CONSIDERATION IS TO LIMITED OFFICIAL USE

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FIX THE SWISS FRANC RATE TO AN AVERAGE OF THE CURRENT MARKET RATES OF THE "MINI-SNAKE" CURRENCIES. THE EXPERTS WILL ALSO DISCUSS WHETHER THIS AVERAGE SHOULD BE THE SWISS FRANC'S MIDDLE INTERVENTION POINT, OR THE LOWER OR UPPER INTERVENTION POINT. ANOTHER ISSUE TO BE TAKEN UP IS HOW THE SWISS MIGHT CONSULT WITH THE MEMBERS OF THE "MINI-

SNAKE" SHOULD THEY BECOME ASSOCIATED WITH THE
SNAKE. GREENWALD

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